

EXHIBITS

- | | |
|-----------|--|
| Exhibit A | Comparisons of Video Programming Rates Charged by RCN and Cable Incumbents |
| Exhibit B | Articles Regarding Cable Operators' Responses to RCN |
| Exhibit C | Boston Edison Newspaper Article |

EXHIBIT A

Comparisons of Video Programming Rates Charged by RCN and Cable Incumbents

Hudson Rate Comparison

	<u>Cablevision</u>	<u>RCN</u>	<u>RCN+Phone</u>
<u>Basic service</u>	50 channels	80 channels	80 channels
Family Package	31.30	24.95	19.97
Converter	1.17	not required	not required
remote	0.19	not required	not required
expanded package/Disney	8.95	included	included
Total	41.61	24.95	19.97
Savings %		40%	52%

Braintree Rate Comparison

	<u>Cablevision</u>	<u>RCN</u>	<u>RCN+Phone</u>
<u>Basic service</u>	63 channels	80 channels	80 channels
Standard Package		27.95	24.95
Broadcast Basic (21 Channels)	10.45		
Family Cable (34 Channels)	17.82		
Disney	10.95	no additional charge	no additional charge
ESPN2	1.95	no additional charge	no additional charge
History Channel	<u>1.95</u>	<u>no additional charge</u>	<u>no additional charge</u>
sub-total	43.12	27.95	24.95
Converter	1.17	not needed to view basic service	
Remote control	0.19	not needed to view basic service	
Total	44.48	27.95	24.95
Savings %		37%	44%

Newton Rate Comparison

	<u>Media One</u>	<u>RCN</u>	RCN+Phone
Basic service	57 channels	80 channels	80 channels
Standard Package	29.63	24.95	19.97
Converter	2.19	not required	not required
Remote control	0.30	not required	not required
Expanded package*(+6CH)	3.95	included	included
Total	36.07	24.95	19.97
Savings %		31%	45%

Expanded Package 6 Channels

FOX Movies*

Bravo*

The History Channel*

SCI-FI*

Cartoon Network*

Comedy Central*

Watertown Rate Comparison

	<u>Media One</u>	<u>RCN</u>	<u>RCN+Phone</u>
<u>Basic service</u>	57 channels	80 channels	80 channels
Standard Package	27.54	24.95	19.97
Converter	2.19	not required	not required
Remote control	0.30	not required	not required
<i>Expanded package*</i>	3.95	included	included
Total	33.98	24.95	19.97
Savings %		27%	41%

Expanded Package 6 Channels

FOX Movies*

Bravo*

The History Channel*

SCI-FI*

Cartoon Network*

Comedy Central*

Channel Comparison Weymouth					
Animal Planet	1		NESN	51	Cartoon Network
WGBH-PBS	2	WGBH-PBS	Sports Channel	52	TV Land
SCI-FI	3	Local Access	Speedvision	53	SCI-FI
WBZ-CBS	4	WBZ-CBS	The Golf Channel	54	Comedy Central
WCVB-ABC	5	WCVB-ABC	TNN	55	EI
NE Cable News	6	WFXT-FOX	Boston Catholic/Inspirational	56	A&E
WHDH-NBC	7	WHDH-NBC	QVC	57	Discovery Channel
Product Info Network	8	reserved	Prevue Guide	58	Learning Channel
Outdoor Life	9	WGN	AMC	59	History Channel
Community Television	10	WLIV	HBO	60	Home&Garden
	11	WSBK	Cinemax	61	TV Food Network
WLVI	12	WABU	Pay-Per-View 1	62	Turne Classic Movies
WFXT-FOX	13	WTBS	HBO2	63	FOX Movies
WSBK	14	WGBX-PBS	HBO3	64	Ovation
WABU	15	Prevue Channel	Starz!	65	Bravo
WGBX	16	Sneak Preview	Encore	66	TMC
WUNI	17	WUNI	PPV3	67	Romance Classics
WNDS	18	C-SPAN	PPV4	68	Sundance
WHRC	19	C-SPAN 2	FOX Movies	69	EWTN
WMFP	20	reserved	Bravo	70	Star Cinema* 1 PPV
WHSB	21	WMFP	History Channel	71	Star Cinema* 2 PPV
Wetmouth Shoals	22	WHSB	SCI-FI	72	Spice*
Value Vision	23	QVC	Cartoon Network	73	America's Health
Disney Channel	24	Sports Channel NE	Comedy Central	74	Game Show Network
Nickelton	25	CNN/SI	The Movie Channel	75	Travel Channel
Family Channel	26	ESPN	Adult PPV/PPV B	76	International Channel
Comedy Central	27	ESPN 2	PPV Information	77	Galavision
MTV	28	ESPNNEWS	PPV2		
VH-1	29	Classics Sports Network	Bravo	78	Z Music
FX	30	NESN*	Showtime	79	CMT
USA	31	TNN		80	VH1
Discovery Channel	32	Outdoor Life		81	MTV
TNT	33	CNN		82	BET
EI	34	Headline News		83	reserved
WTBS	35	CNN/fr		84	reserved
Lifetime	36	Bloomberg TV		85	reserved
A&E	37	CNBC		86	reserved
Learning Channel	38	Court TV		87	reserved
Home & Garden	39	Weather Channel		88	reserved
Court TV	40	The Family Channel		89	reserved
FOX News	41	USA		90	reserved
CNN	42	Lifetime		91	HBO3*
Headline News	43	TNT		92	HBO West*
C-SPAN	44	HBO*		93	Showtime*
C-SPAN 2	45	HBO2*		94	The Movie Channel
CNBC	46	HBO Family*		95	Starz
Weather Channel	47	Cinemax*		96	Encore
Classic Sports Network	48	Cinemax* 2		97	Star Cinema* 3

ESPN	49	Nickelodeon	98	Star Cinema* 4
ESPN 2	50	Disney Channel	99	Star Cinema* 5
			100	Adam & Eve

Channel Comparison Needham

MediaOne		RCN	MediaOne	RCN
WGBH-PBS	2	WGBH-PBS	NESN	Cartoon Network
Community Television	3	Local Access	Sports Channel	TV Land
WBZ-CBS	4	WBZ-CBS	The Golf Channel	SCI-FI
WCVB-ABC	5	WCVB-ABC	Speedvision	Comedy Central
NE Cable News	6	WFXT-FOX	TNN	EI
WHDH-NBC	7	WHDH-NBC	MultiFaith Religious Prog.	A&E
Product Info Network	8	reserved	QVC	Discovery Channel
Metro West Channel	9	WGN	Prevue Guide	Learning Channel
BET	10	WLIV	AMC	History Channel
WENH-PBS	11	WSBK	HBO	Home&Garden
WLVI-56WB	12	WABU	Cinemax	TV Food Network
WFXT-25FOX	13	WTBS	Pay-Per-View 1	Turne Classic Movies
WSBK-38UPN	14	WGBX-PBS	HBO2	FOX Movies
WABU-68IND	15	Prevue Channel	HBO3	Ovation
WGBX-44PBS	16	Sneak Preview	Starz!	Bravo
WUNI-27IND	17	WUNI	Encore	TMC
WNDS-50IND	18	C-SPAN	PPV3	Romance Classics
WGOT-60IND	19	C-SPAN 2	PPV4	Sundance
WMFP-62IND	20	reserved	FOX Movies*	EWTN
WHS-66IND	21	WMFP	Bravo*	Star Cinema 1 PPV
	22	WHS	The History Channel*	Star Cinema 2 PPV
Value Vision	23	QVC	SCI-FI*	Spice
Disney Channel	24	Sports Channel NE	Cartoon Network*	America's Health
Nickeleon	25	CNN/SI	Comedy Central*	Game Show Network
Family Channel	26	ESPN	The Movie Channel	Travel Channel
	27	ESPN 2	Adult PPV/PPV B	International Channel
MTV	28	ESPNNEWS		Galavision
VH-1	29	Classics Sports Network		Z Music
FX	30	NESN		CMT
USA	31	TNN		VH1
Discovery Channel	32	Outdoor Life		MTV
TNT	33	CNN		BET
EI	34	Headline News		reserved
TBS	35	CNN/fn		reserved
Lifetime	36	Bloomberg TV	HBO Family	reserved
A&E	37	CNBC	Cinemax2	reserved
Learning Channel	38	Court TV	Starz!2	reserved
Home & Garden	39	Weather Channel	Pay-Per-View Information	reserved
Court TV	40	The Family Channel	PPV-5	reserved
FOX News	41	USA	PPV-6	reserved
CNN	42	Lifetime	PPV-7	HBO3
Headline News	43	TNT	PPV-8	HBO West
C-SPAN	44	HBO	PPV-9	Showtime
C-SPAN 2	45	HBO2	PPV-10	The Movie Channel
CNBC	46	HBO Family	Pay-Per-View Information	Starz
Weather Channel	47	Cinemax	PPV-2	Encore
Classic Sports Network	48	Cinemax 2	PPV-11	Star Cinema 3
ESPN	49	Nickelodeon	International Chan./Tele Italia	Star Cinema 4
ESPN 2	50	Disney Channel	Showtime	Star Cinema 5
				Adam & Eve
*New Choice @\$3.95				

EXHIBIT B

Articles Regarding Cable Operators' Responses to RCN

Cable World

JUN 15 1998

The News Magazine for Video, Voice and Data

News

Time Warner Squares Off For Battle With RCN

BY K. C. NEEL

It's not exactly a price war, but Time Warner Cable reduced its rates in Somerville, Mass., last week in response to competition from RCN Corp., which has begun to offer cable and telephone service to area residents.

The first inkling of Time Warner's strategy in Massachusetts came last fall when the MSO announced it was raising rates an average 10% in all its systems — except Somerville where the MSO counts 19,000 customers.

The overbuilder, which is partly owned by Boston Edison, offers a 75-channel standard service package that costs \$24.95, or \$19.95 if a customer also

buys RCN's phone service. The company admits that it's losing money at those prices and will likely lift the rates an



undisclosed amount in the future.

Time Warner's combined package of basic and expanded basic, which has 19 fewer channels than RCN's offerings, will cost customers \$26.20 a month, 28 cents less than before.

The incumbent MSO also slashed the prices it charges for premium services, sometimes below RCN's rates. Customers that buy 71 channels of basic

and expanded basic plus two pay channels will now pay \$49.95, down from \$54.66 before the cuts.

The rate reductions could be good news for other Massachusetts residents, the MSO said. Time Warner, which counts some 235,000 customers in the state, said it restructured its rates after asking customers what they wanted.

Nick Leuci, VP-government affairs and community relations for Time Warner, said the extensive survey process the company conducted in Somerville may be rolled out to the other Time Warner systems throughout the state if the new pricing structure is well received in Somerville. **CW**

Multichannel NEWS

See

BROADBAND WEEK

JUN 15 1998

RCN Seeking Philly Market Entry from FCC

WASHINGTON — RCN Corp. is seeking permission to offer competitive video services in Philadelphia, one week after the company announced plans to wire California markets from San Francisco to San Diego.

The Federal Communications Commission announced June 8 that it is reviewing RCN's application to be an open-video system provider in Philadelphia. RCN's California OVS petition is pending at the FCC.

RCN already has OVS approval from the FCC to serve Boston, New York and Washington, D.C., where it plans to market voice, video and data services jointly to millions of homes.

RCN spokesman Jim Maiella said he could not comment on the company's plans for the Philadelphia market, which is dominated by Comcast Corp. and Bell Atlantic Corp. **MCN**

The Boston Globe

THURSDAY, JUNE 11, 1998

Cable fight builds in Somerville

By Bruce Mohl
GLOBE STAFF

SOMERVILLE – Cable television competition pays its first dividends here today, as established operator Time Warner responds to challenger RCN by cutting prices for many channels and offering customers more flexibility in choosing programming.

While not the all-out price war some consumers and government officials had hoped for, the new Time Warner strategy represents a major change for a company that in the past has steadily raised prices.

Time Warner is betting that its 19,000 customers here will remain loyal if they are offered a slight price reduction on most programming, big price cuts for HBO, Cinemax and other premium channels and more flexibility in selecting programs.

"Our intention is not to match RCN's prices," said Nick Leuci, vice president of government and community relations at Time Warner. "Our intention is to provide

CABLE TV, Page B4

Time Warner price changes in Somerville

Time Warner is lowering the price of the bulk of its programming only slightly but implementing steeper cuts in some premium services. It is also giving basic service customers greater flexibility in purchasing additional channels.

Service	Current price	New price
Basic (18 channels)	\$9.29	\$9.10
Standard (38 channels)	\$17.19	\$17.10
HBO (3 channels)	\$12.55	\$11.50
Showtime (2 channels)	\$11.50	\$9.50
Movie Channel (1 channel)	\$11.50	\$9.50
Cinemax (2 channels)	\$12.55	\$9.50
Disney	\$10.95	\$9.50
Starz!	\$8.95	\$9.50

SOURCE: Time Warner Cable.

Globe staff chart

Time Warner steps up Somerville cable battle

The Boston Globe

THURSDAY, JUNE 11, 1998

■ CABLE TV

Continued from Page B1

quality customer service and programming and offer customers greater choice."

The Somerville matchup between Time Warner and RCN is being closely watched because it is the first time in Massachusetts and one of only a handful of instances nationwide where cable companies are competing head to head.

RCN, the only serious challenger to cable operators other than satellite broadcasters, has nearly all of Somerville wired and is building systems in most of Greater Boston.

Time Warner first hinted at its new pricing strategy last November, when it announced it was raising its monthly fee for standard cable service in the 32 communities it serves an average of 10 percent. The one exception was Somerville, where it held prices steady with RCN looming on the horizon.

Leuci said Time Warner developed its new pricing and programming system for Somerville after extensive research to find out what consumers wanted. He said the system may be rolled out to other Massachusetts customers if it is well received. Time Warner serves 235,000 customers in Massachusetts, including residents of Malden, Everett and Swampscott.

RCN, which is partly owned by Boston Edison, sells cable, Internet and local and long-distance telephone service. Time Warner currently sells only cable, but plans to expand into Internet service.

The two companies have very different programming and pricing philosophies. Time Warner and most other cable companies offer programming in tiers, starting with a low-priced basic service with relatively few channels to which additional packages of programming can be added. RCN offers only a 75-channel standard service package, to which premium channels like HBO can be added.

In Somerville, RCN currently charges \$24.95 for its standard service, or \$19.97 if the customer also buys local phone service. The price, which RCN has acknowledged is below cost, is likely to go up soon. In

Boston, where RCN serves only some portions of the city, RCN charges \$27.95 for standard service, \$24.95 if packaged with local phone service.

Time Warner offers customers more options in bundling channels but generally charges more. Its 18-channel basic service, which consists of broadcast channels like WCVB-TV (Ch. 5) and public access channels, will cost \$9.10 as of today, a reduction of 19 cents.

Its standard service, which adds another 38 channels like ESPN, TNT and Nickelodeon, will cost \$17.10, a cut of nine cents.

The combined basic-standard service will cost \$26.20 as of today and come with 19 fewer channels than RCN's standard service. RCN also includes many channels in its standard service for which Time Warner customers have to pay extra, including the Disney Channel, the Discovery Channel and the History Channel. Time Warner charges \$9.50 a month for the Disney Channel and 75 cents a month for the other two.

But Time Warner is cutting the prices of many of its premium channels, in some cases below what RCN is currently charging. For three channels of HBO, for example, Time Warner will now charge \$11.50 instead of \$12.55. RCN charges \$11.95 for two channels of HBO.

For those Time Warner customers who buy lots of programming, the price reductions are substantial. Someone buying 71 channels of programming plus two premium services currently pays \$54.66. Under the new system, their bill will drop to \$49.95.

Time Warner will also now allow someone buying basic service to add selected channels on an a la carte basis. Currently, those customers have to purchase the standard service package first and then buy the additional channels.

Leuci said Time Warner currently has 19,000 Somerville customers, up about 100 since the end of 1997.

RCN spokesman James Maiella declined to provide customer data. "We'll be coming out with customer numbers when we get the system built," which should be by the end of June, he said.

SUDBURY TOWN CRIER & TAB

Community Newspaper Company II www.townonline.com

SUDBURY, MA

THURSDAY, JUNE 4, 1998

Cablevision overhauling services

Upgrade would bring provider closer to proposal by competitor RCN

By Darienne J. Hosley
STAFF WRITER

Cablevision unveiled a \$145 million plan last week to upgrade services to 37 towns in eastern Massachusetts, including Sudbury.

The company intends to build a telecommunications system with more channels and services, high-speed Internet access, and local telephone service.

Rival Residential Communications Network Corp. has been making inroads on Cablevision's turf, applying for licenses throughout the Boston area and raising eyebrows with its promise of a new fiber optic system, also with high-speed Internet access and telephone service.

RCN has reached agreements with Boston, Somerville, Brookline, Wakefield, Newton and Arlington, and has several other license appli-

cations pending.

Both companies will present their plans for the future in Sudbury at a June 17 public hearing before the Cable Television Committee.

The hearing will begin at 7 p.m. in the Fairbank Community Center gym, 40 Fairbank Road.

Cablevision's 15-year license in Sudbury is up for renewal in April 2000.

The cable committee may grant licenses to both RCN and Cablevision, but members had hoped RCN's arrival on the scene would prompt Cablevision to upgrade its system.

Cablevision plans to begin construction this year, and said all 37 towns would receive expanded services within three years.

The cable provider made a deal with Boston last month, negotiating

a 10-year franchise extension by promising to switch to a two-way digital network with phone and high-speed Internet access.

The announcement that the services would be brought to the suburbs was expected, said Jacob Kuykendall, chairman of Sudbury's cable committee.

"They've been making noises but that was the first time the chairman has come public," he said.

The public meeting June 17 is one of the first steps toward renewing Cablevision's license.

"There's no exclusivity on cable franchise. It will get renewed," Kuykendall said. "There is nothing to prevent having a second provider and that's what we intend to do."

A decision on RCN could come in six to eight months after the hearing, he said.



SERVING THE GREATER DEDHAM • NORWOOD • WESTWOOD AREA • TUESDAY, JUNE 2, 1998

Cablevision to enhance local services

By Melanie Terburg
COMMUNITY NEWSPAPER SERVICE

Cablevision of Massachusetts will spend \$145 million on a system upgrade to prepare 37 cities and towns for a new range of telecommunications services.

Cablevision plans to install digital-fiber wiring that will allow it to offer high-speed Internet access, long-distance phone service and high-definition TV, according to company representatives.

Local towns served by Cablevision include Norwood and Westwood.

Cable modems will allow customers to receive Internet data up to 100 times faster than conventional dial-up phone modems, said David Green, Cablevision's director of government relations.

The new wiring will also let customers tap into 80 television channels with improved reception and sound quality, Green said.

"You won't be locked into packages anymore," he said. "And, depending on future tech-

nology, there's a capacity for an unprecedented 110 channels."

Green said phone service is "not a central part of our business plan," but will allow the company to expand.

"Cablevision will provide competition in price and services with local and long-distance telephone companies," he said.

The system improvements will begin this year and finish within three years, the company said. Green said Cablevision must rebuild 3,000 miles of cable, and can finish 100 miles per month in good weather.

Cablevision recently announced a separate, \$160-million rebuilding project in Boston after renewing its contract there.

The federal Telecommunications Reform Act of 1996 allows companies like Cablevision, RCN and MediaOne to offer competing packages of Internet, phone and television service.

Yesterday's announcement came 10 days after selectmen in Hudson voted unanimously to let Cablevision's competitor RCN apply for a license to provide

telecommunications services there.

Selectmen said they felt a need for competition in the local cable TV market.

After meeting with representatives of Cablevision and Hudson's cable advisory board, Selectman Carl Leeber said he was pleased to hear Cablevision's plan, but anxious to begin negotiations with RCN.

"Obviously they are driven by the market and the fact that competition is arriving," he said.

Asked whether the Cablevision overhaul is in response to RCN's arrival, Green stressed that RCN's license has not been finalized.

"From what I understand, RCN's application to apply for a license has been approved," he said. "That's not the same as a license being approved."

Saying he was "more excited about what Cablevision is doing," Green said he was not surprised RCN's application was approved. "If a company can meet the basic criteria for cable services, it should be allowed to

apply for a license."

Selectmen Chairwoman JoAnne Forance said she was "encouraged" by Cablevision riding the "wave of the future."

"I think they'd be left in the dust if they didn't," Forance said. "I'm looking forward to seeing this whole thing, competition and new services, unfold."

Some cable wires already hung on telephone poles will need to

be replaced. Other wires in good condition will have fiber-optic cables wrapped around the current wire.

Cablevision will notify customers of the new services and timetable for construction in commercials beginning today.

CNC Business Writer Kurt Blumenau contributed to this story.

Quincy seeking 2nd TV contract

By Lane Lambert
The Patriot Ledger

FRONT PAGE

QUINCY — The city is on track to become the first community south of Boston to have competing cable television services, possibly as early as the fall.

After months of unofficial discussions with Quincy, Residential Communications Network Inc. plans to file a formal license application Monday, according to a letter from Thomas K. Steel Jr., RCN's vice president for municipal relations.

City Solicitor Stephen McGrath said that if RCN applies, he'll probably hold a public hearing on the proposal in July. That would allow Mayor James Sheets to complete contract negotiations with the Princeton, N.J., company "possibly by the fall, certainly by the end of the year," McGrath said last night after the city council's oversight committee discussed the issue.

McGrath and other city officials aren't sure how soon RCN could have its fiber-optic cable system in operation. The system would allow RCN to provide telephone and Internet service as well as cable TV.

Quincy has a 10-year contract with MediaOne, the sole provider for the city's 28,000 cable subscribers. The city council passed a resolution in early February to give Sheets the authority to make a deal with a competing service, mainly in an effort to keep monthly rates as low as possible.

RCN and MediaOne representatives didn't attend last night's session. Steel noted RCN's planned June 8 application in a letter to Councilor-at-large Paul Harold, the oversight committee chairman.

Harold invited RCN officials to the meeting, but Steel said that would be "premature" before a public hearing is held.

MediaOne officials have said they would welcome the competition.

RCN now operates cable systems in Somerville and Boston, and recently signed franchise agreements with Wakefield and Brookline. The company is seeking contracts in dozens of Massachusetts cities and towns, including Braintree, Canton, Milton, Randolph, Sharon and Weymouth.

South Shore communities are served by MediaOne, Cablevision Industries, Time Warner and Adelphia.

The Patriot Ledger

JUN 2 1998

City Edition

QUINCY, MA

Quincy negotiating with RCN to provide cable TV competition

■ CABLE

Continued from Page 1

Quincy and other communities have been prodded to look at competing proposals by a rising volume of complaints from subscribers unhappy about steadily increasing rates, channel lineup changes and unsatisfactory service.

In Quincy, MediaOne charges

\$30.43 a month for a 60-channel package, including \$6.42 basic service. The package cost \$26.77 before the last increase Jan. 1.

In Somerville — the first city in the state with competing service — Time Warner offers two standard packages and two tiers of extra channels: \$9.79 for 18 basic channels, \$26.98 for 53 channels, plus a nine-channel tier for \$2.50 and three for \$1.75.

RCN offers a single, 80-channel "full basic" package for \$24.95. Customers who subscribe to RCN phone service get cable TV for \$19.95.

Last night, Quincy councilors applauded the progress on talks with RCN.

"The sooner we can have a competing service, the better," Council President Peter Kolson said.

Harold said he hopes the city will have a second cable contract by fall. Quincy should be attractive to

competitors, he said, because a high percentage of its subscribers have more expensive channel packages.

Quincy's plans got a ringing endorsement from Walter McGrath, the general manager of the Braintree Electric Light Department, which is exploring alternative cable service.

"Do what you can to bring competition," said McGrath, who spoke to the council at Harold's invitation. "Everywhere I have looked, the consumer benefits."

A second service such as RCN wouldn't even need to capture 50 percent of the city's subscribers to hold rates down, McGrath said.

In April, 82 percent of Braintree voters endorsed a nonbinding referendum for the light department to expand into the cable business. Braintree is now served by Cablevision.

McGrath's department is studying whether to provide cable service directly through a \$3 million fiber-

optic network that's expected to be installed throughout the town by the end of the year.

McGrath told Quincy councilors that Braintree is considering four alternatives: direct municipal service, partnerships with either Cablevision or RCN, or no municipal involvement at all.

Only one Massachusetts town, Shrewsbury, operates its own cable TV system.



Cablevision plans major upgrade in cable service

Company to respond to customers' needs

By CHRISTOPHER IACONO

LYNNFIELD — Cablevision announced that it will construct a new, state-of-the-art digital telecommunications system for Lynnfield and the 36 other cities and towns that it covers.

According to David Green, director of government relations for Cablevision, the upgrades are meant as a response to customers' requests over the past few years.

Among the new features that will come along with the \$145 million project include more channels for customers, improved audio and video quality and less equipment for better maintenance. "These upgrades are going to improve every aspect of service," he said.

In fact, Green mentioned that there will even be a better system for making repairs. "Right now, we have to deduce where the problem is, based on where our customers are calling from," he said. "With status monitoring, we will know where the problem is before we get the phone calls."

Customers will also have high-speed Internet access, allowing customers to receive information and data up to 100 times faster. Cablevision will begin to build a multi-million dollar structure for new technology this year.

Town Administrator Joseph Maney said that the town would welcome these improvements. Maney said that the problems with Cablevision over the years has been that the quality of service is not as good and the programming is limited.

However, Maney said that another problem was price. "The price keeps going up, even though the quality stays the same," he said.

Cablevision made their announcement just as talks of competition are beginning to come down to the wire. Town officials are currently seeking a second provider. RCN (Residential Communications Network, an alliance with Boston Edison) is one provider that is reportedly interested in getting established in Lynnfield. RCN recently entered into an agreement in Wakefield to become the community's second provider. The town is currently served by Time Warner.

Green said that Cablevision welcomes the competition.

"Our license with Lynnfield has always been non-exclusive," he said.

"In fact, in places where we have had head-to-head competition, our subscriber numbers have increased. Competition is not an issue. What is an issue is that we want to play on a level-playing field. Competition is going to make everyone better."

Town Administrator Joseph Maney said it is possible that two cable companies could exist in Lynnfield.

"The big issue is that because the town is small enough, having two cable companies may not be as attractive," he said. "Then again, the number of Lynnfield homes that have cable is higher than average."

Green said that the improvements were not made because of competition.

"A lot of the things were planned before we heard anything about competition," he said. "In fact, all of these things were done without much consideration to competition. For example, in Haverhill, we have not faced any threat of competition. We're doing this to address the customers' needs."

Local News for
Framingham, Natick
and surrounding
communities

FRAMINGHAM/NATICK EDITION

Middlesex News

THURSDAY, MAY 28, 1998

Cable to get \$145M upgrade

Cablevision will enhance local services

By Melanie Terburg

COMMUNITY NEWSPAPERS SERVICE

Cablevision of Massachusetts will spend \$145 million on a system upgrade to prepare 37 cities and towns for a new range of telecommunications services.

Cablevision plans to install digital-fiber wiring that will allow it to offer high-speed Internet access, long-distance phone service and high-definition TV, according to company representatives.

Local towns served by Cablevision include Acton, Bedford, Boxborough, Concord, Framingham, Hudson, Lexington, Lincoln, Maynard, Stow and Sudbury. The company also provides cable service to Hanscom Air Force Base.

Cable modems will allow customers to receive Internet data up to 100 times faster than conventional dial-up phone modems, said David Green, Cablevision's director of government relations.

The new wiring will also let customers tap into 80 television channels with improved reception and sound quality, Green said.

"You won't be locked into packages anymore," he said. "And, depending on future technology, there's a capacity for an unprecedented 110 channels."

Green said phone service is "not a central part of our business plan," but will allow the company to expand.

Yesterday's announcement came 10 days after selectmen in Hudson voted unanimously to let Cablevision's competitor RCN apply for a license to provide telecommunications services there.

(News Business Writer Kurt Blumenau contributed to this story.)

HUDSON THE SUN

MARLBORO, MA

THURSDAY, MAY 28, 1998

COMMUNITY NEWSPAPER COMPANY

SERVING HUDSON SINCE 1902

Cable TV firm plans overhaul

Selectmen 'encouraged'

By Melanie Terburg
STAFF WRITER

FRONT PAGE

HUDSON - Cablevision today announced a major overhaul in its services, including installation of a new, state-of-the-art telecommunication system by next year.

Company officials said the new \$145 million cable television system will enable them to offer this and 38 other communities new and improved services including Internet and local telephone access.

"Hudson will be entirely rebuilt with a new fiber optic system," said company spokesman P.A. Carr.

Cablevision's announcement comes 10 days after Hudson selectmen voted unanimously to let a Cablevision competitor - Residential Communication Corp. - apply for a license to offer similar services in Hudson.

The vote was taken after selectmen said they felt there was a need for competition in the local cable television market.

Asked whether the Cablevision overhaul is in response to RCN's arrival, a company official cautioned that RCN's license has not been finalized.

"From what I understand, RCN's application to apply for a license has been approved," said David Green, Cablevision's director of government relations. "That's not the same as a license being approved."

Saying he was "more excited about what Cablevision is doing," Green said he was not surprised RCN's application was approved. "If a company can meet the basic criteria for CABLE, see page 18

Cablevision to update system

CABLE, from page 1
cable services, it should be allowed to apply for a license."

Cablevision will also re-wire Boston with similar services at an additional cost of \$160 million. Cablevision serves more than 140,000 households in Boston.

"Shareholders are putting up the funding for these upgrades," Green said. "We have 3,000 miles to build and it takes about one month to finish 100 miles, depending on weather conditions."

'Left in the dust'

Selectmen Chairman Jo-Anne Forance said she was "encouraged" by Cablevision riding the "wave of the future."

"I think they'd be left in the dust if they didn't," Forance said. "I'm looking forward to seeing this whole thing, competition and new services, unfold."

The timetable for construction of Cablevision's new network depends on the renewal of its 10-year operational license, Green said.

In Hudson, cable television negotiations are nearing finalization and construction is slated to begin this fall. The system could be up-and-running in Hudson as soon as 1999. But Cablevision expects the entire re-wiring project to take three years.

Expanded offerings

Cablevision's new cable television system will enable customers to tap into 80 programming channels.

The increased number of channels

will give customers a variety of viewing choices in entertainment, sports, news and public affairs.

"You won't be locked into packages anymore," Green said. "And, depending on future technology, there's a capacity for an unprecedented 110 channels."

The future of the telecommunication industry will be to expand into unregulated businesses, Green said.

Cablevision will offer high-speed Internet access.

Through the use of cable modems, customers may hook onto Internet service and "receive information and data up to 100 times faster than conventional telephone dial-up modems," he said.

Cablevision will also branch out into local telephone services.

Telephone service

"Telephone services, though not a central part of our business plan, allows us to expand," Green said. "Cablevision will provide competition in price and services with local and long distance telephone companies."

Some cable wires already hung on telephone poles in Hudson will need to be replaced. Other wires in good condition will have fiber optic cables wrapped around the current wire.

"The fiber optics make for better sound and picture quality," Green said.

Cablevision will notify customers of the new services and timetable for construction through commercials beginning today.

THE SUN

• THURSDAY, MAY 21, 1998

MARLBORO, MA

COMMUNITY NEWSPAPER COMPANY

SERVING HUDSON SINCE 1902

Town has choice of cable TV firms

RCN Corp. wins board approval

FRONT PAGE

By Melanie Terburg
STAFF WRITER

HUDSON — Selectmen Monday voted unanimously to open up cable television service in town, authorizing **RCN Corp.** to provide services in direct competition to the town's sole cable provider.

"The selectmen are determined to create competitive cable services in town," said Executive Assistant Paul Blazar, in an interview before the meeting. "They believe RCN has the ability to live up to their application and deemed the company fit to operate."

A license will be drafted which will define the New Jersey-based Residential Communication Network's operating terms and price ranges.

"This is a giant step closer to having competitive services in Hudson," Blazar said. "I don't expect the drafting of the license to be a long process. There won't be too many controversial items."

RCN would offer Hudson residents cable television, local and long-distance telephone services and Internet access.

'This is a giant step closer to having competitive services in Hudson.'

Paul Blazar
EXECUTIVE ASSISTANT

In a 5-0 unanimous vote, selectmen passed the motion to authorize RCN to operate a cable television system in Hudson.

Cablevision has been the sole cable provider in Hudson for 15 years and currently is in negotiations for its contract to be renewed.

Selectmen invited RCN to a public hearing in January to review their proposal to provide competitive services. At that time, selectmen submitted 26 questions to RCN about its company and the services it proposed to offer. A written response was received in March.

Housing appointment

Also, in an unrelated joint session, the Hudson Housing Authority and SELECTMEN, see page 29

Selectmen OK new cable firm

SELECTMEN, from page 1
selectmen appointed Thomas Brophy to fill a vacancy created by the resignation of Paul Warren.

Brophy, of 16 Harriman Road, did not attend the meeting due to an emergency, said Robert Barrell, director.

Brophy is the director of the Hudson Food Pantry.

"He is a concerned, dedicated and insightful individual," Barrell said. "His wife, Rose-Marie, was one of the founding members of the authority."

Barrell told selectmen that Brophy attended some of their meetings and had the personal skills

needed for the position.

Brophy will serve one year and may run for re-election to serve another two years.

Joseph Daigneault, a candidate for the authority in last week's election, also expressed an interest in the position.

Daigneault lost the election to his challenger Chairman Scott Duplisea.

"I ran for the post and lost," Daigneault said. "But I didn't lose that badly."

Daigneault said he has never met with the members of the authority and expressed his concern that Hudson has too many low-income

housing units.

Selectman Robert Steere said Hudson has taken a "pro-active interest" in low-income housing.

"I grew up in government subsidized housing, so, I'm sensitive to that," Steere said. "I also want to look out for the elderly in town, including those in Section 8. Excuse my soapbox, but it's a sensitive area."

Daigneault, the former co-owner of Daigneault Liquors Inc., on 66 Broad St., said Hudson should not build any more low-income housing. Daigneault, 55, is employed at the Sudbury Town Hall as an office clerk.

WEST ROXBURY Transcript

DEDHAM, MA

YOUR HOMETOWN NEWSPAPER SINCE 1930

WEDNESDAY, MAY 20, 1998

Cablevision, city strike deal

\$160m pact includes Internet access for schools, libraries

By Linda Rosencrance
CNC STAFF WRITER

It's taken nearly three years, but finally the city and Cablevision of Boston have agreed to a new 10-year, \$160 million contract.

Under the agreement, Cablevision will deliver a state-of-the-art digital communication system to every neighborhood in the city. Under the contract, which updates a 1982 agreement, Cablevision will offer residents more channels and high-speed access to the Internet, as well as local telephone service.

In addition, Cablevision has volunteered to provide high-speed Internet access at no cost to every public school and every branch of the Boston Public Library — at a cost of several million dollars.

Some say the reason the city was able to negotiate such provisions was the fact that another cable provider, the New Jersey-based Residential Communications Network, is also building its own network in the city. RCN provides limited cable service in Boston.

"Boston and Cablevision have agreed to great things that aren't being done in other cities. And Cablevision's commitment to public access television is even stronger than before," said Michael Lynch, director of the city's cablevision office. "Boston got lucky because two companies were willing to invest in the city."

Mayor Thomas M. Menino said the

new contract achieves the goals he set for the city in his Inaugural Address — that the new fiber optic network extend out to the neighborhoods, to the police stations, schools and business districts.

"This is a great moment for the people of Boston, when a company not only agrees to give us great service and new products, but wants to go further and become a partner in building a bright future for our young people," the mayor said in a written statement.

Educational leaders also hailed the agreement.

Boston Public Schools Superintendent Thomas Payzant said the schools' technology plan incorporates the latest technology to support teaching and learning and helps students achieve high standards in classroom. Payzant said with the support of Cablevision that plan was becoming a reality.

Cablevision has also agreed to continue hiring Boston residents, women and minorities. Under the new contract, the company's workforce will comprise more than 60 percent Boston residents, 30 percent minorities and 30 percent women.

Cablevision, based in New York, serves more than 140,000 households in Boston, and more than 340,000 households in 39 cities and towns throughout eastern Massachusetts.

NEWS Multichannel

[See

BROADBAND WEEK

MAY 18 1998

Cablevision Promises \$160M in Boston Franchise Renewal



BIG COMMITMENT: Cablevision Systems Corp. chairman Charles Dolan (left) and Boston mayor Thomas Menino celebrated a \$160 million cable franchise renewal last Monday in the presence of local Cablevision employees.

By **MONICA HOGAN**

Cablevision Systems Corp. said last week that it had won a 10-year franchise renewal from the city of Boston, after promising to spend \$160 million over three years to build a two-way network and to bring advanced services to subscribers, schools and other institutions.

The renewal came with the aid of a third-party facilitator — former Continental Cablevision Inc. senior vice president and counsel Robert Sachs — months after Cablevision's original, 15-

year license expired in December.

By all accounts, both the city and the MSO were pleased with the terms of the renewal, which call for Cablevision to upgrade every neighborhood in the city, and for the city to impose level-playing-field provisions on any new cable entrant, meaning that potential rivals would have to meet "substantially the same" terms and conditions as Cablevision does.

One unique provision gives Cablevision a chance to seek relief if the operator is economical-

ly harmed by unfair competition from nonregulated competitors such as direct-broadcast satellite companies, said sources familiar with the talks.

Sheila Mahony, senior vice president at Cablevision, said Boston is the first major city to issue such high standards for a cable franchise and to ask that any new entrants abide by the same terms if they want franchises, too.

As part of the agreement, Cablevision said it will provide free high-speed Internet access to

See CABLEVISION, page 17

Cablevision Promises \$160M in Boston

Continued from page 3

every public school and library in the city. The MSO will also contribute \$1 million to a new network fund to provide training and technology support to schools and other city buildings using Cablevision's network.

And Cablevision will allocate to the city about 3.5 percent of its annual gross revenues of around \$63 million, as well as providing \$2 million for public-access services and agreeing to link city buildings and agencies to the Internet.

Cablevision could start providing some of those services within a year.

Under the deal, Cablevision will be able to provide hundreds of channels, while reserving capacity for such services as telephony, cable modems and video-on-demand.

Industry observers asserted that the threat of competition from RCN Corp. helped to prod Cablevision into making its promises to the city.

"We do feel that it's reactive," RCN spokesman Jim Maiella said. RCN, which already operates

an open-video system in Boston, is seeking a franchise from the city, which is likely to approve its application within the next several months, according to Charles Beard, special counsel for the city.

"That reality did impose complexities on the negotiations here that would not have been present in a city simply renewing a license without competition," Beard said. "It's one thing to speculate about competition on the horizon, and another to talk about people already dig-

ging up the streets and posing direct competition."

Sachs said that although competition from RCN can't be discounted, he wouldn't overemphasize it, either. Since cable will soon be getting into new services, such as telephony and Internet access, it will face competition in those areas, Sachs noted. Deals like this, he added, could benefit Cablevision, because cities could become customers.

"Cablevision didn't always view the city as a potential customer," Sachs said, but the city of Boston is indeed holding itself out as a possible user of phone and Internet services.

Still, Cablevision was concerned about video competition from RCN and other players, and that's why it bargained for the level-playing-field provisions that it received.

"We have no problem with that," Maiella said. "All that we ever asked for was a chance to compete fairly." Sachs said new competitors won't be bound by every obligation that an incumbent up for renewal faces.

"The city didn't want to create any artificial barriers to competition," he said.

That's why RCN or any new entrants would have six years to build out a new network.

While level-playing-field restrictions for wired competitors don't raise many eyebrows, some

observers were surprised that the city agreed to similar provisions for unregulated competition from the likes of DBS.

"It sounds like an apples-to-oranges comparison," said Barry Orton, professor of telecommunications for the University of Wisconsin at Madison. "That's the farthest-reaching level-playing-field clause I've heard of."

*Competition
from RCN
Corp. prompted
Cablevision
to make
concessions.*

Beard said the clause allows Cablevision to seek a hearing from the city if the operator can show a substantial negative impact from an unregulated multi-channel-video provider.

"The theory is that it has to be the difference in regulatory burdens that is causing the economic harm," Beard said. "It can't just be that DirecTv [Inc.] has a better mousetrap."

Cablevision serves about 140,000 homes in Boston. **MCM**

Multichannel NEWS

See BROADBAND WEEK

MAY 18 1998